



Randall L. Woodfin
Mayor

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Director

CITY OF BIRMINGHAM

DEPARTMENT OF INNOVATION AND ECONOMIC OPPORTUNITY

PUTTING PEOPLE FIRST

TO: Mayor Randall Woodfin, Cedric Sparks, and Ed Fields
FROM: Josh Carpenter
RE: Incentives in 2020 Budget
DATE: August 24, 2020

TOPLINE

Recent social posts regarding the proposed Mayor's budget have mischaracterized the "incentives budget" as "corporate kickbacks." This is wrong on a number of levels and this memo outlines why.

1. Most of these incentive agreements were contractually obligated by previous administrations and members of this City Council before Mayor Woodfin took office.

All agreements and their obligations are tracked in this [Google Spreadsheet](#).

- Applebee's in Five Points West (District 8) agreement struck in July 2007
- Serra Automotive (District 1) agreement struck in May 2013
- Shipt (District 5) struck in August 2018
- Firestone/Midtown (District 6) struck in 2014
- Limbaugh Toyota (District 8) struck in 2014

Of the 33 agreements the City is contractually obligated to, just four were passed under Mayor Woodfin. Fully 87% were passed before he took office.

2. Incentives are share tax revenue that would be produced if that company moved or went out of business.

The revenue we budget for these companies is based on performance. If they do not meet their numbers on sales tax, then they do not get the revenue. For example, if Shipt does not hire 881 people, they will not get their revenue share. In fact, already more than 600 people have been hired at Shipt. More than half of those hired are Birmingham residents now making 12% more than the median income in the city. Birmingham residents have gotten jobs at Shipt because of the agreement we designed.

3. Mayor Woodfin's economic development strategy has done more with less.

Employment under Mayor Woodfin grew by over 6,000 people from 2017 to the first quarter of 2019. Over 7% of Birmingham residents got new jobs as the economy grew and capital investment is nearing \$1 Billion, all with fewer incentive agreements that tie up taxpayer dollars.